



## Socio-economic Impact of Grameen Bank Income Generating Loans on Rural Women of Tangail District

S. A. Labani<sup>1\*</sup>, M. Z. Islam<sup>2</sup> and A. S. M. G. Hafeez<sup>1</sup>

<sup>1</sup>Department of Agricultural Finance, <sup>2</sup>Department of Entomology  
Bangladesh Agricultural University, Mymensingh-2202

\*Corresponding author: sharminalabani@gmail.com

### Abstract

A study was conducted to examine the socio-economic impact of Grameen Bank (GB) income generating loans on rural women in selected areas of Tangail district. The study was conducted to examine the impact of loan on the livelihood improvement of women borrowers. Sixty respondents were purposively selected from 3 villages namely Hemnagar, Volapara and Shimlapara of which 10 were engaged in farming, 21 were engaged in livestock rearing, 19 were engaged in petty business, 5 were engaged in tailoring and 5 were indirectly engaged in van/trickshaw pulling. Tabular and statistical analyses were applied for achieving the objectives. In the study area, higher proportions (55 percent) of women were middle aged and 93 percent were married. About 75 percent had signature ability, 18 and 7 percent studied up to primary and secondary level respectively. Average family size of the respondents was 5.36, average annual income and saving of the respondents were Tk. 65958 and 8770, respectively. Overall income and saving change by taking loan from GB were 36.04% and 68.69% respectively. There was remarkable increase in attitudes and opportunities of the respondents after joining the GB. The findings show that GB loan brought about positive impact on livelihood improvement of the borrowers.

**Key words:** Income generating loans, Rural women, Socio-economic impact

### Introduction

Grameen Bank (GB), a specialized credit institution for the rural poor, has already made profound impacts in terms of significant improvements in household output, income and consumption (IFAD, 1984; Hossain, 1984). It has indeed traversed a long way from an action research program by Professor Yunus started in December, 1976 in a village named Jobra near the University of Chittagong to its present status as a full fledged bank. The micro finance program of GB covers 38551 villages comprising 65960 grameen centre, 1112 branches and 12589 staffs and total 23,34,780 grameen members of which 2210160 are female and 124620 are male. Actually, The status of women is an important factor affecting the socio-economic development of a country cannot be fully realized if women, who usually constitute almost fifty percent of the population, enjoy a subordinate position to men, and their talents still remain unexplored. Subordination of women to men, lack of communication between husband and wife, limited female access to education and employment opportunities have been considered as obstacles to the diffusion of family planning and reduction in fertility. Women in Bangladesh have lower status compared to men in every sphere of socio-economic and political life. Moreover, this study was conducted to examine the socio-economic impact of Grameen Bank income generating loans on rural women in selected areas of Tangail district. The principal concern of this study was to see the impact of women participation in different Income generating activities (IGAs) under Grameen Bank (GB) loan programmes. Bangladesh Bank (1992) found that about 57 % of the members possessed less than 0.6 ha of land (including homestead) and noticeable change was occurred after forming the group of Grameen Bank (GB). The extent of petty business has increased from 20 to 44 % and animal and poultry rearing rose from 14 to 27 %. Selling daily physical labor decreased from 14 to 3 % and participation in

agricultural activities decreased from 14 to 11 %. It was observed that the group members were more interested in cottage industries compared to other activities. Karim and Osada (1998) reported the extent of the dropout problem in credit schemes and the impact on micro-credit schemes in selected areas of Gazipur district. The study discussed the poverty alleviation that depends largely on micro-credit programmes. Some exemplary success of micro-credit programmes in poverty alleviation and the potential problem of dropout as an issue that may hinder the wonderful success for rural women. Javed *et al.* (2006) found that two field units, namely Satiana and Salarwala were taken from Faisalabad, Pakistan, to assess the effect of micro-credit advanced by the Punjab Rural-Support Program (PRSP) on crop productivity of wheat and sugarcane. Crops and livestock combinations were commonly adopted by the sampled respondents. Micro-credit proved to be effective in increasing crop production and improving the living standard of the farmers in the selected areas. Regression analysis reveals that credit and fertilizer have contributed to a greater extent in receiving higher income from wheat and sugarcane. Hoque (2008) examines the relationship between household's involvement in micro-credit programs and their capacities to deal with economic hardships by focusing on Bangladesh Rural Advancement Committee (BRAC), one of the largest micro-credit providers in Bangladesh. The findings indicate that BRAC's micro-credit program in Bangladesh could increase participating households' more systematic information needs to be conducted about micro-credit program.

### Materials and Methods

To attain the objectives of the study, three villages namely Hemnagar Bholapara and Shimlapara under Gopalpur upazila of Tangail district were purposively selected. The selected villages were under the functional jurisdiction of the GB Hemnagar branch. Data were collected by the researchers through personal interview with the selected women. In order to collect

relevant information, the selected rural women were interviewed by the researchers. Before taking interview, the whole academic purpose of the study was clearly explained to the sample respondents and they were assured that the study was purely an academic one and was not likely to have any adverse effect on them. At the time of interview, the researcher asked questions systematically and explained wherever felt necessary. All possible efforts were made by the researchers to overcome errors and to ensure collection of accurate data from the field. After accomplishment of interview, the interview schedules were checked to verify the accuracy of information. The questionnaires containing incomplete and doubtful information were recollected during the period of data collection. Thus, information obtained for the present study was fairly reliable. The collected data were manually edited and coded. Then all the collected data were summarized and scrutinized

carefully. Data were processed to transfer to master sheets to facilitate tabulation in order to meet the objectives of the study. Moreover data entry was made in computer and analysis was done using the concerned Microsoft Excel and Statistical Package for Social Science (SPSS). It may be noted that information were collected initially in local units. After necessary checking they were converted into standard international unit. In this study tabular and statistical analyses were used to achieve the set objectives. In tabular analysis qualitative data were converted into quantitative data by using suitable scoring. To examine the Impact of participation items on the basis of Participation impact score (PIS), the researcher put tick on the right answers. Participation impact score (PIS) was computed for each change item by summing the weight for responses of all the respondent women against that indicator.

**Result and Discussion**

***Average changes in annual income of the respondents***

Average changes in annual income of the respondents have been shown in Table 1. From the table it can be seen that before joining the GB income generating loan

programme the average annual income of the respondents was Tk. 8484.71 which was increased to Tk. 65958.05 after receive and use of loan. On an average 32.12% annual income was increased of the respondent under study area.

**Table 1.** Average changes in annual income of the respondents

Loan category	Income before and after receive of loan		Percent change (%)
	Before (Tk.)	After (Tk.)	
Farming	49000.0	61700.00	25.92
Livestock rearing	55476.19	74142.86	33.65
Petty business	52947.37	71947.37	35.88
Tailoring	42000.00	58000.00	38.10
Van/ rickshaw pulling	43000.00	64000.00	48.84
Total	48484.71	65958.05	36.04

***Average change in annual expenditure of the respondents***

Average changes in annual expenditure of the respondents have been shown in Table 2. From the table it can be seen that before joining the GB income generating loan programme the average annual

expenditure of the respondents was Tk. 43286.12 which was increased to Tk. 57188.40 after joining the GB. On an average Tk. 13902.28 (32.12%) was increased in annual expenditure of the respondents of the area under study.

**Table 2.** Average change in annual expenditure of the respondents

Loan category	Expenditure before and after receive of loan		Net change (Tk.)	Percent change (%)
	Before (Tk.)	After (Tk.)		
Farming	40000.00	52000.00	12000.00	30.00
Livestock rearing	52320.25	62570.87	16999.88	19.59
Petty business	45560.38	62560.26	17000.26	37.31
Tailoring	38550.00	50250.28	11700.28	30.35
Van/rickshaw pulling	40000.00	58560.60	18560.60	46.40
Total	43286.12	57188.40	13902.28	32.12

***Average changes in owned land following receive and use of GB loans***

Average changes in amount of owned land of the respondents have been shown in table 3. From the table it is seen that before joining the GB income generating loan programme the average amount of owned land of the respondents was 4.24 decimal which was increased to 5.44 decimal after receive and use of loan. On an

average 1.19 decimal (28.39%) was increased in amount of owned land of the respondents of the area under study and it is also clear that the highest increase in amount of owned land was 81.09% for the respondents who were involved in livestock rearing and the lowest increase in amount of owned land was 1.19% for the respondents who were involved in tailoring. From the table it is also clear that on an average, the

amount of owned land was increased after receive and use of GB loan which indicates positive impact.

**Table 3.** Changes in owned land following receive and use of GB loans

Loan category	Land before (decimal)	land after (decimal)	Land purchased during the year	Change in own land (%)
Farming	4.80	5.40	0.60	12.50
Livestock	4.23	7.66	3.43	81.09
Petty business	4.21	5.31	1.10	26.13
Tailoring	4.20	4.25	0.05	1.19
Van/Rickshaw	3.80	4.60	0.80	21.05
Total	4.24	5.44	1.19	28.39

**Average changes in rented in land following receive and use of GB loans**

Average changes in amount of rented in land of the respondents have been shown in table 4. From the table it is seen that before joining the GB income generating loan programme the average amount of rented in land of the respondents were 20.86 decimal which was increased to 24.08 decimal after receive and use of loan. On an average (17.91%) was increased in amount of

rented in land of the respondents of the area under study and it is also clear that the highest increase in amount of rented in land was 34.22% for the respondents who were involved in livestock rearing and the lowest increase in amount of owned land was 3.70% for the respondents who were involved in tailoring. From the table it is also clear that on an average, the amount of rented in land was increased after receive and use of GB loan which indicates positive impact.

**Table 4.** Changes in rented in land following receive and use of GB loans

Loan category	Land rented in before (decimal)	Land rented in after (decimal)	Change in rented in land (%)
Farming	35.00	40.00	14.29
Livestock rearing	18.09	24.28	34.22
Petty business	9.21	12.10	31.38
Tailoring	27.00	28.00	3.70
Van/rickshaw pulling	15.00	16.02	6.00
Total	20.86	24.08	17.91

**Change in educational status of the respondent's family members**

After joining GB credit programme educational status of the respondent's family members also improved. Table 5 shows that after joining GB credit programme educational status improved that means percentage of

illiterate members decreased (18.22%) and percentage of signing ability, primary level, secondary level, above secondary level increased which indicates positive impact of GB credit programme.

**Table 5.** Change in educational status of the respondent's family members

Educational level	Before		After	
	No. of family members	Percentage (%)	No. of family members	Percentage (%)
Illiterate	49	18.22	92	34.20
Ability to sign	120	44.61	102	37.92
Primary level	80	29.74	70	26.02
Secondary level	18	6.69	5	1.86
Above secondary level	2	0.74	-	-
Total	269	100	269	100

**Changes in sanitation condition**

Availability of sanitation facilities is a major concern for reducing rapid spread of communicable disease like diarrhoea, typhoid, gastro-intestinal infection etc. Table 6 shows that before joining GB income generating loans the percentage of katcha latrine users was high and the percentage of half sanitary latrine users and sanitary latrine users was low But after joining GB income generating loans the percentage of half sanitary latrine users and sanitary latrine users increased and the percentage of katcha latrine users decreased which indicates that after joining the GB loan operation the respondents became more health conscious.

**Impact of GB income generating loans on different indicators**

This section describes the impact of participation in GB income generating loan programme as perceived by the participating women in respect of 14 indicators.

**Distribution of respondents according to the socio-economic impact on different indicators**

In this sub-section percentage distribution of the respondents according to their impact of participation perceived in 14 selected indicators has been shown in table 7.

**Table 6.** Change in sanitation

Types of latrine	After		Before	
	No. of respondents	Percentage (%)	No. of respondents	Percent (%)
Bushes or open	-	-	-	-
Katcha latrine	5	8.33	43	71.67
Half sanitary latrine	53	88.33	17	28.33
Sanitary latrine	2	3.33	-	-

**Table 7.** Distribution of the respondents according to the impact of GB loan programme

Sl. No.	Indicators	Distribution of the participating respondents in extent of change (No. of respondents and percentage)				
		Notable increase (=4)	Moderate increase (=3)	Unchanged (=2)	Decreased (=1)	Total change
1	Increased reading ability	3 (5.00)	16 (26.67)	41 (68.33)	-	60 (100)
2	Increased writing ability	3 (5.00)	15 (25.00)	42 (70.00)	-	60 (100)
3	Increased participation in family decision making	54 (90.00)	6 (10.00)	-	-	60 (100)
4	Improvement in clothing status	33 (55.00)	23 (38.33)	4 (6.67)	-	60 (100)
5	Increased counting ability	18 (30.00)	42 (70.00)	-	-	60 (100)
6	Increased access to society	7 (11.67)	53 (88.33)	-	-	60 (100)
7	Improved understanding ability	4 (6.67)	56 (93.33)	-	-	60 (100)
8	Improved medicare	9 (15.00)	47 (78.33)	4 (6.67)	-	60 (100)
9	Increased involvement with social events	-	60 (100.00)	-	-	60 (100)
10	Improvement in dealing with outsiders	-	60 (100.00)	-	-	60 (100)
11	Improvement in society's attitude to own	-	53 (88.33)	7 (11.67)	-	60 (100)
12	Improved relation with husband	56 (93.33)	-	1 (1.67)	3 (5.00)	60 (100)
13	Improved relation with in-laws	-	30 (50.00)	30 (50.00)	-	60 (100)
14	Improved in children education	37 (61.67)	23 (38.33)	-	-	60 (100)

**Impact on participation items on the basis of Participation Impact Score (PIS)**

To examine the changes in attitudes and opportunities due to using GB income generating loans on different Income generating activities, the respondents mentioned their option in 14 selected indicators. The respondents indicated the extent of changes in 14 selected indicators individually. Participation impact score (PIS) of selected change items indicated how much changes have occurred among the selected women after involvement in GB income generating loan. The higher the PIS in particular item, the more impact of participation in that item involved. The possible PIS of any change item ranged from a minimum of 60 to 240. In order to make meaningful comparison of data, the PIS for a particular change item was standardized by using the following formula:

Standardized PIS (SPIS) =  $\frac{\text{Observed participation impact score}}{\text{Possible participation impact score}} \times 100 = \frac{2611}{3360} \times 100 = 77.71$  So, The overall standardized PIS of 14 change items were found to be 77.71 percent. For calculating the socio-economic impact of GB credit programme on different items, 14 selected indicators have been arranged in rank order (Table 8) according to their Standardized Participating Impact Score (SPIS). Data contained in the Table 8 indicated that the 14 indicators were not equally important in terms of extent of changes occurred among the respondents. It was observed that the highest observed SPIS was 97.50 (8.96%) for increased participation in family decision making while the lowest was 58.75 (5.40%) for increased writing ability. Table 8, also indicated that impact of participation in GB income generating loan programmes regarding increase in participation in decision making was found to be the most important

item. Thus the findings indicate that there were wide variations in the extent of change as perceived by the respondents.

**Table 8.** Impact of participation items on the basis of PIS

SL. No.	Impact on indicators	PIS	SPIS	%	Rank
1	Increased participation in family decision making	234	97.50	8.96	1
2	Improved relation with husband	229	95.42	8.77	2
3	Improved in children education	217	90.42	8.31	3
4	Improvement in clothing status	209	87.08	8.00	4
5	Increased counting ability	198	82.50	7.58	5
6	Increased access to society	187	77.92	7.16	6
7	Improved medicare	185	77.08	7.08	7
8	Improved understanding ability	184	76.67	7.05	8
9	Increased involvement with social events	180	75.00	6.89	9
10	Improvement in dealing with outsiders	180	75.00	6.89	10
11	Improvement in society's attitude to own	173	72.08	6.63	11
12	Improved relation with in-laws	150	62.50	5.74	12
13	Increased reading ability	142	59.17	5.44	13
14	Increased writing ability	141	58.75	5.40	14

**Conclusions**

Based on the findings of the study the following conclusions may be drawn: 1) Women might be good associates and can contribute significantly to the socio-economic improvement of the family. 2) GB credit programme could well reached the target group. 3) Time taken to receive loan from the GB credit programme seemed to be more or less reasonable. 4) The respondents received loan mostly in accordance with their requirement. 5) The GB credit programme could positively contribute to reducing poverty in the study area. 6) Maximum portion of credit was utilized for productive purposes. 7) Standard of living of the

respondents has improved to some extent after joining the GB loan programme.

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